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SUBJECT: Austrian Rail Industry Targets U.S. High-Speed Rail Stimulus

¶1. (SBU) SUMMARY: Austria's railway industry is exploring potential investment and sales in the United States connected to the U.S. stimulus funding for high-speed rail. Austrian companies (some of which are already major investors in the U.S. rail sector) recognize the political imperative to create American jobs. Austrian companies are competitive in rail sub-sectors including switches, high-tech steel rails, track-laying equipment, and advanced bogies (wheel assemblies). Though this is clearly a private commercial initiative, Post will continue to monitor technology partnerships for any related opportunities to promote additional investment in the United States. END SUMMARY.

¶2. (U) On December 4, railway industry consultants briefed Emboffs on potential moves to increase investments in the United States (and future sales) in connection with the \$8 billion in Recovery Act funds which will flow into several regional high-speed rail projects. The Austrians say their interest is motivated less by short-term funding prospects than by the long-term growth potential it represents for the under-developed U.S. passenger rail market -- opining that energy/climate concerns will limit further expansion of air travel in many U.S. travel markets -- in particular since any rail project would be spread over decades. Austria's rail sector is already selling into China (see Siemens Austria below) and sees the U.S. as another growth market.

¶3. (SBU) According to Hans Georg Andras of Panrail (an Austrian railway consultant and integrator), Austrian industry understands the commercial and political imperative of investing in the United States and creating U.S. jobs in connection with long-term sales there. Austrian rail producers are already significant employers in the U.S. and that presence would grow in connection with future sales. Panrail and other Austrian companies are members of relevant U.S. industry associations and know the sensitivities surrounding large procurements (opining that U.S. freight incumbents want to frame the debate on high-speed rail).

Austria's Rail Equipment/Construction Players

¶4. (U) The major companies in Austria's rail equipment and related construction industries are:

-- Voestalpine AG ([www.voestalpine.com/ag/en.html](http://www.voestalpine.com/ag/en.html)) is a multinational producer of high-technology steel products with EUR 11 billion sales/year. Its subsidiary Voestalpine Rail ([www.voestalpine.com/schienen/en.html](http://www.voestalpine.com/schienen/en.html)) makes the ultra-long, specially heated-treated rails needed for high-speed rail systems. Voestalpine is also the world lead in switches: its U.S. subsidiary VAE Nortrak ([www.nortrak.com](http://www.nortrak.com)) has five U.S. facilities which manufacture switches, spikes and lighter rails. Since high-speed rails are too long -- 120 meters and longer -- to ship overseas in large quantities, Andras indicated that Voestalpine is considering partnering with or investing in Steel Dynamics (a U.S. steelmaker based in Indiana) to build new milling processes to make long, high-quality rails.

-- Siemens Austria ([www.mobility.siemens.com](http://www.mobility.siemens.com)) manufactures bogies (wheel-chassis assemblies) for high-speed rail cars at its facility in Graz, reportedly the largest such facility in the world. Andras reports that Siemens currently ships 3000 bogies annually to Chinese high-speed rail projects. COMMENT: We note that Siemens operates a light-rail car manufacturing plant in Sacramento, California; according to media reports, Siemens has acquired adjoining property with the declared intention of building a high-speed railway car assembly plant. END COMMENT.

-- Plasser & Theurer ([www.plassetheurer.com/index\\_en.htm](http://www.plassetheurer.com/index_en.htm)) is a medium-sized Austrian firm that manufactures track-laying equipment and track maintenance equipment. It has supplied equipment to Japan's high-speed rail network for many years. It has a small American subsidiary based in Virginia (Plasser American) which handles sales, service and repairs.

-- There are two Austrian railroad construction firms, Swietelsky and Rhomberg Bahntechnik, with experience in building the special ballasted flexible roadbeds needed for trains to reach speeds of 200 mph safely. The larger of the two, Swietelsky ([www.swietelsky.at/index.php?id=125&L=1](http://www.swietelsky.at/index.php?id=125&L=1)), has 70 years of experience in railroad construction in central Europe and the UK, recently winning a tender to build a 165 km high-speed rail link in Bosnia Herzegovina. Rhomberg Bahntechnik ([www.bahntechnik.com/Englisch/index\\_e.html](http://www.bahntechnik.com/Englisch/index_e.html)) is a medium-sized construction company specializing in the building of train roadbeds and tunnels. Rhomberg's major projects include work on the high-speed rail link from Italy to Germany through Austria. Neither Swietelsky nor Rhomberg currently has a presence in the United States.

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